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Ameritech

Christopher M. Heimann
Director of Legal Affairs
Washington Office

September 9, 1999

Ms. Magalie Roman Salas
Secretary
Federal Communications Commissoin
445 12th Street, SW
Washington, DC 20554

Re: **Ex Parte Statement**
CC Docket 96-98
UNE Remand Proceeding

Dear Ms. Salas:

Earlier today, Gary Lytle, Vice President – Federal Relations, submitted a letter responding to a request by Commissioner Powell for information concerning three issues raised in connection with the *UNE Remand Proceeding*. A certain chart to which Mr. Lytle alluded in his letter was inadvertently omitted. Please accept the attached letter with the chart attached in lieu of the earlier letter.

Sincerely,

cc: Commissioner Powell
Kyle Dixon

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Ameritech

Gary R. Lytle
Vice President
Federal Relations

September 9, 1999

Commissioner Michael K. Powell
Federal Communications Commission
445 12th Street, S.W.
8th Floor
Washington, D.C. 20554

Re: CC Docket No. 96-98
UNE Remand Proceeding

Dear Commissioner Powell:

You have asked Ameritech to address three issues in connection with the *UNE Remand Proceeding*: (1) the appropriateness of using NXX assignments as a gauge for determining where CLECs can provide their own switches; (2) the cost of collocation; and (3) what alternatives there might be to a pure NXX-based approach. We respond to your request below.

NXXs as a Competitive Gauge: Ameritech supports the use of NXX assignments as a gauge for determining where unbundled local switching (ULS) should be made available. In order to provide local service using its own switch in a particular area, a CLEC must obtain telephone numbers that it can assign to customers in that area. A CLEC can obtain numbers in one of two ways. First, it can port a number from an ILEC's switch to its own switch. Second, a CLEC can obtain NXX codes from the North American Numbering Plan administrator. CLECs obtaining NXX codes must obtain a separate code for each local area or "rate exchange area" they intend to serve using their own switch.

Under industry guidelines, a CLEC that obtains an NXX code to serve a local area or "rate exchange area," must begin using that NXX code within six months. Thus NXX assignments provide a clear indication of the rate exchange areas in which CLECs are using or soon will use their switches to serve customers.[1] NXX assignments thus

[1] Information concerning the assignment of NXX codes to CLECs is available in the Commission's own reports and the Local Exchange Routing Guide (LERG) database. The LERG is an industry database maintained by Telcordia Technologies that provides carriers with the information they need to route and

provide a key gauge of where switch-based competition is viable. In particular, these assignments indicate where the CLECs themselves have concluded that switch-based competition is feasible. There is no reason for the Commission to second-guess these judgments.

The Commission itself has recently used NXX assignments to assess the status of switch-based local competition. Its December 1998 Local Competition Report, which quantifies the extent of competition in the local exchange market (and which was updated on August 31, 1999), assesses switch-based competition based on where competitors have obtained NXX codes.

In its initial Comments in this proceeding, Ameritech argued that the "impair" test cannot be met in any rate exchange area in which at least one CLEC has obtained an NXX. Ameritech continues to believe that this test best addresses the issue of where a reasonably efficient competitor could profitably deploy its own switch. At the same time, Ameritech recognizes that some parties have argued that there may be unique circumstances that make it feasible for one CLEC, but not others, to deploy a switch in a particular area. In light of these concerns, the Commission could reasonably conclude that switching is feasible in those rate exchange areas in which at least two CLECs have obtained NXXs.

Cost of Collocation: You have also asked about the cost of collocation. The cost of collocation varies by, among other things, the type and amount of collocation space requested by a CLEC. In the Ameritech region, virtual collocation arrangements can be obtained for as little as $5000, and physical collocation arrangements for less than $24,000.[2] A more typical (and extensive) virtual collocation arrangement in the Ameritech region costs approximately $13,000, while a more typical physical collocation arrangement (with a cage and without sharing) costs approximately $45,000.

Some CLECs have asserted that the cost of collocation precludes them from using their own switches to provide local service. Ameritech submits that this argument strains credulity. As of March 1999, CLECs had deployed over 700 switches, and CLECs have been deploying a switch a day during the past year. In the Ameritech region, the number of CLEC switches has grown from 112 in March of this year to 138 as of the end of August – a growth rate equivalent to a switch a week. Clearly CLECs would not be deploying switches at this rate if those switches could not be used to serve customers.

Even more telling is the rate at which CLECs actually are obtaining collocation. As of April 1997, Ameritech had furnished 100 collocation arrangements. In March through May 1999, Ameritech received on average 170 collocation orders each month. In June

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rate telephone traffic within the public switched telephone network, including assuring that a call is delivered to the telephone switch serving the customer to whom the call is directed.

[2] The actual costs vary from state-to-state. These numbers reflect the average charges assessed by Ameritech in its five states.

and July Ameritech received 250 orders per month. In August, Ameritech received over 300 collocation orders, and during the first week of September, Ameritech has already received 300 new collocation orders. These latter orders were submitted by a single CLEC – indeed, one of the smaller CLECs. As of March 1, 1999, nearly two thirds of Ameritech's customers were accessible through existing CLEC collocation arrangements. Given the recent explosion in collocation requests, that number is, of course, rapidly growing. Thus, here again, the CLECs have demonstrated by their own actions that collocation is not a barrier to switch-based competition in a significant number of Ameritech's wire centers.

Alternative Proposal: Finally, you have asked about alternative proposals for addressing where unbundled local switching should be made available and where it should not. One compromise approach Ameritech has advocated to staff is that the Commission look to NXX assignments *and* collocation as a gauge for determining where unbundled local switching should be required. For example, the Commission might conclude that unbundled local switching need not be required in any wire center in which at least one CLEC has obtained collocation and an NXX to serve the rate exchange area in which the wire center is located. Again, if the Commission concludes that one such CLEC is not sufficient, it could limit relief to wire centers with two collocated CLECs and related NXX assignments.

The attached chart, which was provided to staff on August 11, shows the number of end offices and lines in the Ameritech region that would meet each of the foregoing tests. For example, if the Commission required the presence of two or more collocated CLECs with switches to eliminate ULS for an end office, Ameritech would be required to provide ULS in all but 119 (or 10.5 percent) of its 1130 wire centers. Those wire centers serve approximately 6.8 million, or 33.1 percent, of Ameritech's lines.

Ameritech understands that the Commission is considering customer-based limitations as well. The apparent bases for these limitations are claims by certain CLECs that they cannot use their switches to serve the mass market. Ameritech submits that these claims are belied by the rapid and accelerating rate at which CLECs are deploying switches and obtaining collocation. For example, if, as some CLECs assert, CLECs can use their switches only for customers with DS-1 lines or above, CLECs would not be deploying switches and obtaining collocation at rapid, accelerating rates. DS-1 lines account for *one tenth of one percent* of Ameritech's switched lines in service. Surely, CLECs would not be incurring what they claim to be significant costs to serve such an infinitesimal number of lines.

Ameritech questions whether any customer-based limitations are appropriate at all. If unbundled switching requirements are removed only in wire centers in which at least one or two CLECs already have obtained collocation and deployed a switch, there is no reason why CLECs cannot compete for all lines in those offices. Nevertheless, some CLECs have argued that, even in those wire centers in which they have collocation arrangements, they are impaired in their ability to serve the "mass market" because of the loop provisioning process. Ameritech refuted these arguments in its Reply Comments.

Based on actual performance records, Ameritech showed that it can "cut-over" CLEC loops at a rate that far exceeds any conceivable demand. Even without hiring additional technicians, Ameritech could cut-over 18% of all loops in its medium and large size offices (and a higher percentage in its smaller offices) in less than a year. By reassigning personnel, hiring additional technicians and adding shifts, it could cut-over all of its lines in less than a year. Clearly, CLECs will not be winning customers at those rates.

Ameritech has also shown that it can and does perform cut-overs on a timely and accurate basis. Ameritech's interconnection agreements require it to track its performance in provisioning unbundled loops to CLECs and to provide monthly reports to CLECs detailing its performance results. During 1999, Ameritech has provisioned 97% of its loops on time (with an average interval of approximately 5 days), and with 95% accuracy.

If despite this compelling and unrefuted data, the Commission nevertheless has concerns that the loop provisioning process could impair the ability of CLECs to serve the "mass market" with their own switches, the Commission could require that incumbent LECs make ULS available for residential lines. Residential lines account for 65% of Ameritech's access lines. Any concerns with the loop provisioning process would assuredly be addressed by carving out nearly two thirds of Ameritech's (and presumably other ILECs') lines. If even this proposal does not satisfy the Commission, it could also require ULS for business customers with three or fewer lines. Those customers account for 73% of Ameritech's business customers. Surely, a proposal that carves out all residential customers and nearly three quarters of Ameritech's business customers by any measure covers the entire "mass market."

We trust that the foregoing is responsive to your questions. Please do not hesitate to contact me if you have any further questions.

Sincerely,

Gary R Lytle

Collocated Competitors with Switches by Wire Center

Number of Competitors per AIT Wire Center	Ameritech Wire Centers		Lines Served		Cumulative % Lines Served		
	Cumulative Count	Cumulative Percentage	Cumulative Total	Cumulative Percentage	Largest Bus. Percentage	Other Bus. Percentage	Residential Percentage
7	2	0.2%	215,882	1.0%	3.4%	1.6%	0.1%
6 or more	7	0.6%	721,642	3.5%	7.3%	4.3%	1.9%
5 or more	15	1.3%	1,212,359	5.9%	11.4%	7.4%	3.5%
4 or more	34	3.0%	2,513,009	12.2%	20.2%	14.5%	8.7%
3 or more	57	5.0%	3,746,671	18.2%	26.5%	21.0%	14.5%
2 or more	119	10.5%	6,803,467	33.1%	45.6%	36.1%	27.7%
1 or more	256	22.7%	11,569,706	56.2%	68.2%	58.2%	51.2%
0 or more	1130	100.0%	20,583,377	100.0%	100.0%	100.0%	100.0%

Note: For the purposes of this analysis, AT&T, MCI WorldCom and McLeod's acquisitions were treated as one competitor under the parent company's name even though the respective companies have yet to consolidate all of their collocation and interconnection agreements. Therefore, AT&T and TCG were treated as one competitor; MCI metro, WorldCom, Brooks Fiber, and MFS were considered one competitor; and McLeod, Ovation, Phone Michigan, Dakota Services and QST were considered one competitor.